

Grab the opportunity

Poised for a big return, this market will re-emerge strong with integration

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"Safety and security are critical issues for potential tenants when considering where to rent/buy, with nearly half of tenants demanding security solutions."- Parks Associates 2008 MFE survey

Are you ready for the comeback in the commercial market?

According to research firm Emporis, there are some 300 million people living in high rises and about 20,000 buildings in the U.S. Those statistics alone should get you thinking about the potential for new or upgraded systems in the office and high-rise market.

Sure, the last few years have been depressed to say the least, in the office and high-rise vertical market. There's a glut of office space and many buildings stand vacant. New construction has been at a virtual standstill and only now is this market showing signs of life. Even in Las Vegas, the boom cranes that were working feverishly throughout the night in past years have swung to silence in the desert air.

Fast forward to the near future-because there will be opportunities. Across the board, these buildings and their property owners and managers need to attract the types of customers who want to stay. And the way they will remain is with amenities that help them work and manage their buildings better or allow them to offer potential clients more than the developer up the road. There's tons of competition between buildings vying for renters or, all the better, long-term leases. Security is an important must-have amenity for developers, property managers and real estate companies but that's really just one part of what an integrated systems solution can bring to the table in this market.

Wants and needs

These customers want an infrastructure, the network, they can use for all their services and that will grow with them. They want connectivity in the way of Wi-Fi or other high-speed broadband lines. They want to be able to have an intelligent building that's efficient and green in its impact on the environment. They have become increasingly aware of programs such as Leadership in Energy and Environmental Design (LEED) certification, administered by the U.S. Green Building Council and many new buildings will go this route. They want security, with easy access for visitors. They need elevator control with access technologies and emergency communications systems that can notify them of an emergency or other event-to computer, smart phone or other mobile device. They need perimeter protection in the way of video, analytics and even super-strong bollards and aesthetic barriers. They want to be able to have an integrated solution that brings intelligence and efficiency to their properties as well as a lower total cost of ownership.

The systems integrator who continues to act in a consultative manner-assessing the current security and automation in the building or what the owner is trying to accomplish-will build a relationship as the 'go to' person now and when they really get on the road to recovery.

But all these wants and needs don't necessarily translate to being able to spend lavishly. In fact, older buildings are being retrofitted with hybrid solutions that allow them to make the most of leveraging the network. Property owners of older buildings want to make do with what they have and deploy solutions

that bring them closer to the technology they need, without the high price tags of a rip and replace specification. They don't want forklift upgrades, because they simply can't afford them.

Opportunity one: bring intelligence and efficiency to the workplace

Dennis Mason, president and chief operating officer of Kings III of America Inc. in Coppell, Texas, is a central station alarm association member who has carved an interesting and successful niche in providing emergency communications solutions and elevator control at offices, high rises and a host of other properties.

Mason admitted that new construction is almost non-existence right now. While most service companies are tied to the construction industry, his company focuses on elevator control, which is now increasingly integrated to access control and emergency notification, and it's a highly regulated and code-centric business. In other words, it's a mandate, so the business has not been as adversely affected as others during the recession. "Most elevators have already been modernized with emergency communications systems," Mason added.

Web-based elevator monitoring

One of the areas Kings III is highly involved in is elevator performance monitoring, a great avenue of additional service monitoring and recurring monthly revenue. "It tracks the performance of the elevator and notifies management when it's not working," Mason explained. "The applications are now Web-based. It's completely automated and transmits notification of elevator status or maintenance issues through e-mail and text messages."

Mason said the customer drives this particular application and decides what type of notification and service level they require.

"The end-user is asking for e-mail or cellular notification," he continued. Building owners and property managers are now aware of and actively involved in the management and maintenance, he further explained, due to the prohibitive cost of down or service time. "Elevator performance monitoring is an RMR product," said Mason. "In addition, with the demise of POTS lines, certainly an IP solution will be necessary for this type of elevator maintenance and management. Typically elevator communications are on dedicated phone lines."

Mason said Kings III is working with a customer on integrating their building automation system (BAS) with its elevator performance monitoring service. "That's definitely the future," he added. "It's all about managing their assets more efficiently; that's been more and more important as the real estate market has tanked. Property managers and real estate companies are much more active in the upkeep of their business. Integrating with building services is an opportunity and these people are looking for more automation." Kings III recently upgraded its central station software to give clients Web access and manage accounts better.

Another wave of security is also hitting this market, and it has to do with biometrics and video surveillance and automating many of the processes and procedures formerly reserved for on-site doormen or security guards. Companies are producing what they refer to as virtual doormen services, many which are Web-based controls that allow a central station or call center to virtually accept packages, allow or deny entry, or call authorities with video verification of the situation. It's a level of sophistication that tenants are beginning to expect.

Rise of mega cities

More and more, people are returning to cities to live, where they can be located close to their offices. In addition, offices and high rises will continue to be part of a move by many to return to high-density areas, according to Avi Lupo, general manager, SafeRise Americas, Tel Aviv, Israel. Lupo, who conducted research for the launch of the second generation biometric security solution SafeRise(r) by FST21 Ltd.,

said access control solutions that combine biometrics and video analytics will become increasingly important as people continue to move to large urban areas.

"By the year 2040, 80 percent of the nation's population will live in big cities and we will see more and more mega cities across the country," said Lupo. In 2007, he added, about half the nations' people lived in big cities. Mega cities are described as urban areas of 10 million or more. The move to mega cities brings additional challenges, including protecting the water supply and communications and thwarting terror and crime. "There are going to be a lot of security challenges with regards to high rises," continued Lupo. He added that biometric solutions, like the SafeRise system are providing the 'sizzle' property managers need for someone to want to be there. The SafeRise system is a non-intrusive product that identifies user's facial characteristics, voice print and behavior patterns. "This is the beginning of how people will gain access to buildings in the 21st century," he explained.

State of the market

According to Steven Turney, security program manager for Schneider Electric's Building Business in Dallas, the current state of the office and high-rise market, as far as technologies and infrastructures, can be described as disparate and outdated. "Most buildings are not integrated; they have security and mass notification and building management systems but they don't talk to each other and therefore, don't provide any type of energy savings," he explained. "They don't have wireless deployments 95 percent of the time and there's no wireless infrastructure. They generally have hardwired copper-based Category 5 cabling that's proprietary or dedicated to security only."

Turney added that there is a huge capital savings from integrated systems that needs to be explained to the end-user, including the property manager and the developer.

"Anything associated with energy savings, reduction of carbon footprint and a positive return on investment is something the end-user is looking for," said Turney. "The projects that have a three- to five-year payback and return on investment but no longer than that are generally the projects that tend to get funded. End-users want to know what the carbon footprint is for a property and that's a selling point for the tenant who is much more aware of these terminologies and their meaning in the marketplace."

Turney also confirmed that there is increasing interest in video analytics, visitor management systems, optical turnstiles and anything that can be used to save energy and reduce consumption. There's also an interest in preventative maintenance contracts because now property owners don't have staff, especially in a commercial office, to do simple tasks, like clean and maintain locks.

Gil Neuman, team member at Kent Security Services Inc. in Miami said there are many opportunities for business in the office and high-rise market. He recently tested the SafeRise system and while he said it's reliable and absolutely "out of the box" as far as technology and capabilities, the real question is how and if the end-user will embrace these biometric solutions. Neuman, who has been in the security industry for some 30 years and is an electrical engineer by trade, said his company believes in trying to save manpower by using technology and educating customers on how they can do that.

There's opportunity in the office and high-rise markets. More people are moving back into cities, so of course crime is a factor. In addition, properties that have state-of-the-art surveillance, biometrics, video analytics and access control will likely win over property owners and their tenants, especially if it's wrapped around an integrated solution.

WATCH IT GROW

With the surge in urban dwelling-urban migration of one million people each week-population densities in our city centers continue to grow. In 2040, the population of the U.S. will be 400 million, with 80 percent of the growth in the next 30 years coming from urban centers. This acute urban migration trend has created over 20 mega cities today, with the forecast for 2015 being 33. This, in turn, has led to infrastructure challenges with regards to energy, water, transportation and employment.

An ongoing challenge is to find the right balance between securing a project and providing a feeling of safety/security for the tenants, yet not interfere with the quality of life and overall accessibility.

WIRELESS WANTED

Elevators are especially prime candidates for a wireless system. While traveling cables are routinely included at the time of installation, they are often ill-equipped to reliably transport credential data from the cab to the elevator controller. Elevator shafts are harsh electrical environments and are often the source of data corrupting noise that becomes induced onto the card reader data lines. This causes inconsistent performance, which often gets worse over time as cable shielding decays due to continual movement.

Conversely, wireless solutions eliminate the need for the data lines in elevators up to 1,000 feet. In fact, they thrive in this environment and provide consistent, reliable data transport that doesn't wear out. With traveling cable installation costs ranging from \$2,600 to \$13,000 or more per cab, wireless alternatives can save thousands of dollars per elevator.

WHAT IT MEANS

IN THE U.S. ALONE, BUILDINGS ACCOUNT FOR:

- 72% OF ELECTRICITY CONSUMPTION
- 39% OF ENERGY USE
- 38% OF ALL CARBON DIOXIDE (CO2) EMISSIONS
- 40% OF RAW MATERIALS USE
- 30% OF WASTE OUTPUT (136 MILLION TONS ANNUALLY) AND
- 14% OF POTABLE WATER CONSUMPTION.

SOURCE: U.S. GREEN BUILDING COUNCIL

Your Piece of the Property Pie

Here are some must-haves in the market:

- Efficient buildings, even green ratings and LEED certification status
- Video surveillance and virtual video door management
- Biometrics and analytics
- HVAC and occupancy controls
- Fire and life safety protection and detection
- Emergency communications and mass notification
- Access control and perimeter detection
- Intrusion detection and sensors